

**NORTH DAKOTA STATE INVESTMENT BOARD
MINUTES OF THE
NOVEMBER 22, 2024, BOARD MEETING (IN-PERSON)**

MEMBERS PRESENT: Tammy Miller, Lt. Governor, Chair
Dr. Rob Lech, TFFR Board, Vice Chair
Thomas Beadle, State Treasurer, Parliamentarian
Rep. Glenn Bosch, LBSFAB
Joseph Heringer, Commissioner of Univ. & School Lands
Pete Jahner, Investment Professional
Cody Mickelson, TFFR Board
Adam Miller, PERS Board
Dr. Prodosh Simlai, Investment Professional
Susan Sisk, Director of OMB
Art Thompson, Director of WSI

MEMBERS ABSENT: Sen. Jerry Klein, LBSFAB
Joe Morrissette, PERS Board

STAFF PRESENT: Scott M. Anderson, CIO
Eric Chin, Deputy CIO/Head of AFM
Derek Dukart, Sr. Investment Analyst
Jennifer Ferderer, Fiscal/Investment Admin.
Chirag Gandhi, Portfolio Mgr.
Brian Hermanson, Investment Accountant
Rachel Kmetz, Fiscal/Investment Operations Mgr.
Missy Kopp, Executive Assistant
George Moss, Portfolio Mgr.
Sarah Mudder, Communications/Outreach Dir.
Jan Murtha, Executive Director
Matt Posch, Portfolio Mgr.
Emmalee Riegler, Procurement/Records Coord.
Chad Roberts, DED/CRO
Ryan Skor, CFO/COO
Mike Schmitcke, Sr. Investment Accountant
Sara Seiler, Supervisor of Internal Audit
Dottie Thorsen, Internal Auditor
Nitin Vaidya, Chief Risk Officer
Tami Volkert, Compliance Spec.
Susan Walcker, Sr. Financial Accountant
Jason Yu, Risk Officer
Lance Zietlow, Portfolio Mgr.

GUESTS: Mary Kae Kelsch, Attorney General's Office
Michelle Strinden, Lt. Gov. Elect
Members of the Public

CALL TO ORDER:

Lt. Gov. Miller, Chair, called the State Investment Board (SIB) regular meeting to order at 8:30 a.m. on Friday, November 22, 2024. The meeting was held in the Workforce Safety and Insurance Board Room, 1600 E Century Ave., Bismarck, ND.

The following members were present representing a quorum: Treasurer Beadle, Rep. Bosch, Commissioner Heringer, Mr. Jahner, Dr. Lech, Mr. Mickelson, Mr. Miller, Lt. Gov. Miller, Dr. Simlai, Ms. Sisk, and Mr. Thompson.

ACCEPTANCE OF AGENDA:

The Board considered the agenda for the November 22, 2024, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. THOMPSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA AS DISTRIBUTED.

AYES: COMMISSIONER HERINGER, TREASURER BEADLE, MR. MILLER, MS. SISK, REP. BOSCH, MR. THOMPSON, DR. SIMLAI, MR. MICKELSON, DR. LECH, MR. JAHNER, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN AND MR. MORRISSETTE

MOTION CARRIED

MINUTES:

The Board considered the minutes of the October 25, 2024, SIB meeting.

IT WAS MOVED BY REP. BOSCH AND SECONDED BY DR. LECH AND CARRIED BY A VOICE VOTE TO APPROVE THE OCTOBER 25, 2024, MINUTES AS DISTRIBUTED.

AYES: MR. MICKELSON, COMMISSIONER HERINGER, MR. THOMPSON, TREASURER BEADLE, DR. LECH, MR. JAHNER, MS. SISK, REP. BOSCH, MR. MILLER, DR. SIMLAI, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN AND MR. MORRISSETTE

MOTION CARRIED

EDUCATION:

Portfolio Construction/Asset Allocation:

Mr. Anderson provided board education on portfolio construction and asset allocation.

Mr. Miller left the meeting at 9:45 a.m.

INVESTMENTS:

Quarterly Performance Update:

Ms. Neill, Verus, provided the quarterly performance update for the period ending September 30, 2024. Ms. Neill reviewed the economy and its effect on performance. A summary of performance was provided for PERS, TFFR, WSI, and the Legacy Fund. Staff provided an update on the transition process from the previous performance consultant to Verus. The SIB had used the previous consultant for over 30 years. Transferring data from the old consultant's proprietary software system to Verus has been very time consuming and has required immense staff time to work with the consultant to verify that performance calculations were accurate. Staff has adjusted internal processes and believe that performance will be provided in a more timely manner going forward. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY INVESTMENT PERFORMANCE UPDATE.

AYES: REP. BOSCH, COMMISSIONER HERINGER, DR. SIMLAI, MS. SISK, MR. MICKELSON, TREASURER BEADLE, MR. JAHNER, MR. THOMPSON, DR. LECH, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MILLER, AND MR. MORRISSETTE

MOTION CARRIED

Internal Investment Initiative Update:

Mr. Anderson provided an update on the progress of the internal investment initiative. The hiring process for the internal team is progressing. Mr. Anderson reviewed the timeline and tasks that have been completed. Board discussion followed.

The Board recessed at 10:26 a.m. and reconvened at 10:47 a.m.

Ms. Sisk left the meeting at 11:00 a.m.

Mr. Miller rejoined the meeting at 11:00 a.m.

GOVERNANCE:

Legacy & Budget Stabilization Fund Advisory Board (LBSFAB) Update:

Rep. Bosch provided an update from the November 12, 2024, meeting of the LBSFAB. The board discussed points charged from investment program advisors, the in-state investment program, and the internal investment program timeline. The board discussed the cost benefit analysis that will be required during legislative session for all bills related to the Legacy Fund. The board discussed hiring an additional manager for the in-state program. Ms. Murtha highlighted the handout that Ms. Mudder created to illustrate the benefits of the in-state investment program. Board discussion followed.

Investment Committee (IC) Update:

Treasurer Beadle provided an update from the November 8, 2024, IC meeting. The IC received an update on the internal investment program, including strategies for risk management, trading agreements, and compliance improvements. The Committee received information from Legislative Counsel on the requirement for cost-benefit analyses on legislation related to the Legacy Fund and contracted with RVK to provide this service. Updates were provided on investment services contracts to ensure effective oversight. Board discussion followed.

Governance and Policy Review (GPR) Committee Update:

Dr. Lech provided an update from the November 13, 2024, GPR meeting. The Committee discussed the potential legislation regarding procurement in collaboration with OMB and exploring data transparency for investment information. Recent discussions aim to broaden the transparency initiative to consider its impact on other entities including the Land Department. Board discussion followed.

Audit Committee Update:

Treasurer Beadle provided an update from the November 18, 2024, Audit Committee meeting. The Committee received a presentation from UHY, our external auditor, on the annual financial report audit. RIO received a clean, unmodified opinion. An RFP for internal audit co-sourcing was reviewed and approved, and the committee approved the first-quarter audit and monitoring reports. Treasurer Beadle provided a reminder to Board members about the role of the Internal Audit program and the SIB Audit Committee. He emphasized the Committee's role in governance and accountability, encouraging board members and the public to raise concerns via the committee or the anonymous fraud hotline. He reminded the Board that RIO and the SIB consistently have excellent reports from a transparency standpoint by many independent third-party consultants. If a Board member has a concern, they should bring them forward so that they can be addressed.

Dr. Lech emphasized the training that Board members receive on fiduciary duties and the responsibility of each member to express concerns to the board so they can be discussed. Or those concerns can be brought to the Audit Committee. There is no individual authority only a collective authority. Board discussion followed.

Annual Strategic Communications Update:

Ms. Mudder provided an update on the strategic communications plan that was first presented to the Board in November 2023. Several objectives in the strategic plan have been completed, but additional resources and time are needed for others, especially as the TFFR pension administration system launch has demanded significant focus. Upcoming efforts include enhancing member and employer education, improving website usability for public access, and developing an internal intranet for better staff information organization. The team is also creating content from the recent Investment Seminar and planning an asset allocation presentation for client funds to support their decision-making and educational needs. Board discussion followed.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY REP. BOSCH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE ANNUAL STRATEGIC COMMUNICATIONS PLAN UPDATE.

AYES: TREASURER BEADLE, MR. JAHNER, REP. BOSCH, MR. THOMPSON, COMMISSIONER HERINGER, DR. SIMLAI, DR. LECH, MR. MILLER, MR. MICKELSON, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MORRISSETTE, AND MS. SISK

MOTION CARRIED

QUARTERLY MONITORING REPORTS:

Quarterly Audit Activities Report:

Ms. Thorsen provided an update on Internal Audit activities for the quarter ended September 30, 2024. The internal audit team completed several key activities, including executive limitations fieldwork, an intern exit interview, and onboarding education for board members. The Weaver Internal Audit Maturity Development Project was finalized and presented to the Audit Committee. They also advanced the RFP approved in November and participated in various testing phases for the TFFR Pioneer Project. Other activities included administrative meetings and cybersecurity education sessions during the quarter. Board discussion followed.

Quarterly Budget/Fiscal Conditions:

Mr. Skor provided the quarterly budget/fiscal conditions for the quarter ended September 30, 2024. The report included budget appropriation status, an expenditure summary, and the status of the pension administration system project. Board discussion followed.

Executive Limitations/Staff Relations:

Ms. Murtha provided the Executive Limitations/Staff Relations Report. An overview of the Gallup Engagement Survey for RIO staff was provided. RIO consistently scores above the mean scores of all state agencies and works to improve engagement each year. Ms. Murtha provided a staffing update. RIO is in the hiring process for multiple investment positions. Ms. Murtha announced her resignation as the executive director (ED). Her last day will be January 3, 2025. Ms. Murtha shared the transition plan which includes appointing an Executive Search Committee and scheduling a special SIB meeting to elect a new board chair and appoint an Interim ED.

Lt. Gov. Miller appointed Dr. Lech, Treasurer Beadle, and Mr. Jahner to the Executive Search Committee.

Board discussion followed.

BOARD RESOLUTIONS:

ND State Investment Board Resolution In Appreciation of Executive Director Jan Murtha

WHEREAS, Jan Murtha has served as the Executive Director of the ND Retirement & Investment Office with exceptional dedication, professionalism, and leadership; and

WHEREAS, under Jan’s guidance and vision, RIO has achieved significant growth including enhancements to program scope, technology-enabled processes, and communications strategy; and

WHEREAS, Jan has fostered a culture of innovation, collaboration, and integrity, leaving a lasting legacy that will continue to inspire agency staff, board members, and stakeholders; and

WHEREAS, the State Investment Board recognizes and deeply appreciates Jan’s tireless commitment as a fiduciary of the investment program, her strategic foresight and unwavering support of RIO’s mission and values, and the integrity and stability she brought to the board, agency and its programs;

NOW THEREFORE, BE IT RESOLVED that the SIB extends gratitude to Jan on behalf of the entire organization, and expresses its heartfelt thanks for her outstanding service, and extraordinary contributions to the State of North Dakota during her tenure;

BE IT FURTHER RESOLVED that the SIB extends its best wishes to Jan for continued success and happiness in her future endeavors;

BE IT FINALLY RESOLVED that this resolution be entered into the official records of the SIB as a permanent tribute to Jan Murtha’s remarkable leadership and service.

ADOPTED this 22nd day of November 2024, by the State Investment Board.

IT WAS MOVED BY DR. LECH AND SECONDED BY TREASURER BEADLE AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE BOARD RESOLUTION.

AYES: MR. MILLER, MR. MICKELSON, DR. LECH, MR. JAHNER, MR. THOMPSON, DR. SIMLAI, COMMISSIONER HERINGER, TREASURER BEADLE, REP. BOSCH, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MORRISSETTE, AND MS. SISK

MOTION PASSED

ND State Investment Board Resolution In Appreciation of Lt. Governor Tammy Miller

WHEREAS, Lt. Governor Miller has served as Chair of the State Investment Board since 2023; and

WHEREAS, Lt. Governor Miller has diligently carried out her duties and responsibilities as a member of the SIB and fiduciary of the SIB Program; and

WHEREAS, Lt. Governor Miller has been a valued and dedicated member of the SIB in helping maintain the integrity and stability of the SIB Program.

NOW THEREFORE, BE IT RESOLVED that Lt. Governor Miller be duly recognized by the SIB for her unselfish dedication to the State of North Dakota through her service on the State Investment Board.

DATED this 22nd day of November 2024, by the State Investment Board.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE APPROVE THE BOARD RESOLUTION.

AYES: REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, MR. MILLER, TREASURER BEADLE, DR. SIMLAI, MR. MICKELSON, MR. JAHNER, AND MR. THOMPSON

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MORRISSETTE, AND MS. SISK

MOTION PASSED

ND State Investment Board Resolution In Appreciation of Susan Sisk

WHEREAS, Director Sisk has served as a member of the State Investment Board since 2023; and

WHEREAS, Director Sisk has diligently carried out her duties and responsibilities as a member of the SIB and fiduciary of the SIB Program; and

WHEREAS, Director Sisk has been a valued and dedicated member of the SIB in helping maintain the integrity and stability of the SIB Program.

NOW THEREFORE, BE IT RESOLVED that Director Sisk be duly recognized by the SIB for her unselfish dedication to the State of North Dakota through her service on the State Investment Board.

DATED this 22nd day of November 2024, by the State Investment Board.

Mr. Miller left the meeting at 11:53 a.m.

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY MR. THOMPSON AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE BOARD RESOLUTION.

AYES: DR. SIMLAI, REP. BOSCH, TREASURER BEADLE, COMMISSIONER HERINGER, MR. THOMPSON, DR. LECH, MR. JAHNER, MR. MICKELSON, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MILLER, MR. MORRISSETTE, AND MS. SISK

MOTION PASSED

IT WAS MOVED BY TREASURER BEADLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE QUARTERLY AUDIT ACTIVITES, QUARTERLY BUDGET/FISCAL CONDITIONS, AND EXECUTIVE LIMITATIONS/STAFF RELATIONS REPORTS.

AYES: MR. THOMPSON, MR. JAHNER, MR. MICKELSON, DR. SIMLAI, REP. BOSCH, COMMISSIONER HERINGER, DR. LECH, TREASURER BEADLE, AND LT. GOV. MILLER

NAYS: NONE

ABSENT: SEN. KLEIN, MR. MILLER, MR. MORRISSETTE, AND MS. SISK

MOTION CARRIED

ADJOURNMENT:

With no further business to come before the SIB, Lt. Gov. Miller adjourned the meeting at 12:02 p.m.

Prepared by: Missy Kopp, Assistant to the Board